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Smith, Charles William

Price-famines the result of  
“corners”

London

1900

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# PRICE-FAMINES

THE RESULT OF "CORNERS"

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THE CRIME OF THE CENTURY

BY

CHARLES W. SMITH

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## THE BUDGET

### TAX ON PRODUCE CONTRACTS

SAMPSON LOW, MARSTON & COMPANY  
(LIMITED)

St. Dunstan's House

FETTER LANE, FLEET STREET, LONDON, E.C.

FEBRUARY 1900

PRICE ONE SHILLING

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THE RESULT OF "CORNERS"

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PRICE ONE SHILLING

Man. 20, 1916-B 03.

A Statement of National and Imperial Importance, founded upon  
Truth and Facts

By CHARLES W. SMITH

PRICE-FAMINES—THE RESULT OF “CORNERS”

THE CRIME OF THE CENTURY

PRINTED BY  
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LONDON

THE latest example of Famines, created by Man, is the unprecedented “cornering” of the whole of this season’s American cotton crop by the formation of a “Cotton Trust,” backed up by a syndicate of American and other foreign Capitalists, and aided and abetted by certain rich English commercial houses. The outcome of a deeply laid conspiracy in America last spring, and entered into, firstly, with the direct object of preventing the necessary supplies required by English spinners for the current season reaching our shores, *even at Famine Prices*; and secondly, to pocket the extra “millions” which these conspirators could demand by the “artificial” enhancement of prices of the raw material caused thereby. The result has been, as plotted for, a Price-Famine of Cotton throughout Lancashire, verging almost upon a supply-panic. In fact, if it had not been for the large stocks left over at the end of last season, the Lancashire cotton mills would have been “starved out.”

Just in a similar manner have nearly the whole stocks of Surat cotton in Bombay been bought up by a powerful group of native speculators, causing a Price-Famine, and, in consequence, an unparalleled crisis in the Mill Industry of India, resulting in a general short-time movement, while it is stated that many of the weaker mills have already gone to the wall and are under liquidation, and that even some of the stronger ones will have to close their doors within a very short time. Such a state of affairs has caused a general disorganisation of the Cotton Trade almost throughout the whole of the East.

Take again the Egyptian cotton crop, which also has been “cornered,” resulting in a Price-Famine, notwithstanding that the crop has been a large one. As this Statement deals with “Famines,” it is amusing to point out that the plausible reason put forth to the world for this Price-Famine lies in the pure assumption “that there may be almost an entire failure of next year’s cotton crop, owing to a probable drought due to the difficulties of irrigation caused by a low Nile, &c.”

The truth is, that all the above Price-Famines are the direct results of “Corners,” caused by gambling in paper-contracts, called Options or Futures, and carried on in the various “International” Cotton Exchanges of America, Liverpool, Alexandria, and Bombay in the said growths. *Let it be here plainly*

understood, that "Corners" are only made possible by such gambling operations in "fictitious" products.

In fact, the methods employed are nearly an exact counterpart of Lieter's well-known Wheat and Flour "Corners" of 1897-98, whereby this one man, aided by English and Continental agents, was enabled to corner the world's foodstuffs for twelve months, and to such an alarming extent as to produce Famine Prices and in its turn Price-Famines. This latter led, not only to a dear-loaf crisis in Great Britain and throughout Europe, but also to bread riots and to bloodshed in certain Continental countries.

As these same conspiracies were applied to foodstuffs grown in India during the drought-famine of 1896-97, as well as to those grown during the present Famine, they constitute one of the direct causes for "artificially" enhancing the prices thereof, and consequently of intensifying the momentous and all-important question in connection with modern Indian drought-famines—viz. that of Price-Famines, the result of Famine Prices.

All authorities have acknowledged that India can always feed its population with home-grown foodstuffs and yet be able, even as in the famine years of 1896-97, to export a surplus quantity of grain. The *Times* special article only as late as the 29th of January on "Indian Affairs," corroborates the same as follows: "that with modern Indian famines, the Indian crops as a whole have never yet proved insufficient for the total food of the population. . . . High prices in the Punjab now also mean high prices in Bengal; and while the peasantry of Western India are suffering intensely, the peasantry of the Gangetic Delta are making fortunes, &c."

The plain English is, the native and other grain-dealers of the latter provinces are making fortunes at the expense of the inhabitants of the former provinces by creating Price-Famines throughout the whole part of that famine-stricken country—or, in other words, by creating local "Corners." This latter fact has at last (according to the London papers of October 1899) been recognised "officially" in India, for in the influential Petition that was presented last autumn to the Viceroy, in connection with the distress existing owing to the state of famine, it is stated, amongst various other items for consideration in that Petition, "to ask the Government to stop grain speculation."

However, since that date, the Government of India, as the following proves, is now aware that enormous grain speculations were entered into last autumn and early winter, directly the word "Drought-Famine" was whispered, and what is applicable to Burma is equally so (as acknowledged by the Government) to all other parts of India. The words of the Government also demonstrate indirectly the truth of the former part of the above paragraph.

#### IMPERIAL LEGISLATIVE COUNCIL, CALCUTTA, FEBRUARY 1, 1900.

HIS EXCELLENCY THE VICEROY PRESIDING.

The Hon. Mr. Smeaton asked the following question:—

"Has the attention of the Government of India been called to the great delays in deferred telegraphic traffic between India and Burma? If so, what is the cause, and what, if any, steps are being taken to remove it, and to accelerate the telegraphic service between India and Burma?"

The Hon. Sir A. Trevor answered as follows:—

"The attention of the Government has been drawn to the delays referred to. The longest delays occurred between September 26 and October 10, and again between December 25 and January 1, and were primarily due to a great and sudden increase in this class of traffic all over India due to grain speculation, &c., &c."

But if a man like Lieter of Chicago, who occupies the position of brother-in-law to the present Viceroy of India, was allowed, without any attempt being made, either by the British, Indian, or other Governments, to prohibit him and others, by means of gigantic gambling operations in the world's grain crops, from "cornering" the foodstuffs of the world, as shown above, and for the sole object of extracting blood-money out of the masses—how can it be expected that the native and foreign grain dealers resident in India will not imitate Lieter's example with Indian-grown foodstuffs in time of famine, and for the same sordid object?—resulting, as it has done, in 1900 as in 1897, and as it will do in years to come, on the slightest pretext of or presumption for drought-famines, in intensifying tenfold the question of Price-Famines by creating Famine Prices, accompanied as the consequence by the augmentation of disease and starvation to millions of that country's poverty-stricken inhabitants. Quoting an extract from a late pamphlet by Mr. R. Bateson Joyner, C.I.E., on this and other treatments, *re* Indian famines, who has had thirty years' experience in the Bombay Presidency, and was intimately acquainted with the great famines of 1876-77 and 1896-97, as well as with other times of scarcity, he says: "Let the English and other Governments carry out firmly the procedure explained, and the future history of India should contain no more dark pages owing to fickle weather."

Apply the above international conspiracies by the great capitalists, both foreign and English, as will certainly be the case (or, even as is possible, by foreign Governments themselves), to the world's food supplies, in case of Great Britain being at war either with America or with any of the wheat-exporting Continental nations, and the result upon this country will be famine and starvation (caused by Price-Famines the outcome of Famine Prices) and ultimately surrender within a few months, independently of the Government's boasted increase of our Navy, Army, and gold. Therefore, the first line of Great Britain's home defence must be legislative measures by the Government against these cornering and infamous commercial systems, so as to prevent the possibility of such international conspiracies, and thus make our food supplies in time of peace, and especially in time of war, absolutely safe under all human contingencies.

It must further be remembered that "Corners" are not only applicable to agricultural products. They apply themselves equally so to silver, metals, and to certain forms of paper-currencies, which constitute the basis of "Finance." Full particulars of these latter can be found in my various publications and also in my evidence of 1897 (Appendix N, page 256), as published in the "Official" Report of the National Wheat Stores Inquiry. Since that year I could enumerate many more. All these entailed financial and commercial panics, resulting in disaster and losses, directly and indirectly, both on the world's stock and produce exchanges, amounting in the aggregate to hundreds of millions of pounds, to tens of thousands of individuals residing in various parts of the world; thus proving the truth of the words, now written years ago, by the Dutch writer Van Gulpen, "that the great international capitalists have in the bearing and bulling of fictitious dealings in options and futures the key to the mastery of the world." Truly, then, it

may be said of the present day, "Gold rules the world, and has become the god of man," and that, in order to obtain the same, there is no intrigue, scheme, or conspiracy that these capitalists will not stoop to in order to gain their end, even if it be at the expense of their country's honour or financial ruin to their fellow-creatures.

I will give one glaring example of the latter in connection with the infamous and criminal Jameson Raid into the Transvaal, which has not lately been dwelt upon in or out of Parliament. This Raid was originated, planned, and financed for by certain international capitalists interested in the Gold and Diamond Mines of South Africa, and was carried out at the end of December 1895. Now, in November 1895, *the month previous to the Raid*, these said capitalists and others "in the know" on the Stock Exchanges of Johannesburg and in Europe, brought about one of the greatest financial panics ever experienced within the space of one month on the various Bourses of the world—viz. by "Bear" selling and by other manipulations. For example, the usual 334 representative securities dealt in on the London Stock Exchange showed a total depreciation for that month alone of no less than 58,000,000*l*. Thus, while the *bonâ fide* holders of securities were witnessing their property being wrecked and depreciated to an alarming extent by unlimited "Bear" operations, sold as "hedges" by these capitalists against their original holdings of gold-mines and other South African stocks, the latter were enabled to save not only their own "financial necks," but also to make fortunes by the panic which they themselves had been the means of bringing about under the knowledge of the coming Raid.

In connection with this Stock-Exchange gambling, it is interesting, but painful, to draw attention to the Machiavelian speech by the Chancellor of the Exchequer on the 17th of May, 1896, at the Lord Mayor's Dinner to the Bankers and Merchants of the City of London—viz. "he could assure them that he looked with a sympathetic interest on the signs of increasing speculation on the Stock Exchange, for he knew what that meant in the way of stamp duties, and he should watch with great care that speculation during the next nine months . . . Further, that cheap food and cheap raw material were essential to our commercial prosperity!"

*Therefore, including the world's producers and agriculturists, who in nine years out of ten, in the absence of "Corners," are, as a natural sequence, under these systems, being ruined by "artificial" price-depressions, the direct result of "Bear" operations and manipulations, it will be seen that tens of millions of innocent human beings have been, are, and will be financially affected, and even lives sacrificed by bloodshed, famine, and starvation, purely owing to the supreme power international capitalists have, either in creating "artificial" Price-Famines or "artificial" price-depressions, both of which are solely and only made possible by the existence of these pernicious international "option and future" systems, and by which they are enabled to hold the interests, prosperity, and well-being of 99 per cent. of the entire population of the civilised world in "the hollow of their hands."*

As 95 per cent. of these paper-operations in produce are undeniably only gambling transactions pure and simple, and are carried on, as far as this country is concerned, in certain "places" under the guise of Produce-Exchanges in London, Liverpool, Glasgow, and other leading commercial centres, it is remarkable to note, judging by the remarks of the Prime Minister's reply to Lord Stanley of Alderley in the House of Lords on May 1, 1896, in connection with questions raised in this statement, that they are apparently "officially" recognised by the Board of Trade as genuine and *bonâ fide* transactions, and consequently the said "places" licensed by that

Government Department for the carrying of them out! This also in face of the fact that during certain suits tried before a judge and special jury, and twice before the Queen's Bench and in the House of Lords, nine judges, including the Lord Chancellor and seven Lords of Appeal, had delivered judgment that similar paper-operations were gambling transactions, thus disproving the statement of the Board of Trade in May 1896, "that the law could not check these as gambling transactions, and, further, that they could not distinguish the difference between what is gambling and legitimate speculation."

Finally, as the Governments and Parliaments of the United States, Canada, Argentina, and South Australia, as well as those of all the leading countries on the Continent of Europe, have either by actual or proposed legislative measures, both with regard to their Stock and Produce Exchanges, acknowledged the fundamental truth of the facts as put forth in this Statement, the crime of the century, as far as this country is concerned, must be laid on the heads of those members of the British Government who are the responsible ones for the interests involved, but who, either from wilful ignorance or from crass blindness, or it may be from pro-capitalistic interests, continue even to shirk any official inquiry into the momentous national and Imperial issues at stake to our country and to our colonies, which have been proved to have arisen, and I maintain will yet arise, out of these international systems.

For, from 1893 to 1899, certain members of the Government during those years, and on many occasions in both Houses, have refused point-blank to acquiesce in the following suggestions, in answer to questions asked them by several members, backed up, as they have been, by some fifty or more resolutions, passed by our leading agricultural, trade, and other societies, thereby depriving the nation of the knowledge of what is the truth, the whole truth, and nothing but the truth: (1) An International Inquiry; (2) an International Conference; (3) a Select Parliamentary Inquiry to take Evidence; (4) to introduce Legislation; (5) to ask the Hungarian Government for a copy of the Official Report of the International Agricultural Conference at Budapest; (6) to lay upon the Tables of both Houses a copy of Charles W. Smith's evidence specially prepared at the request of the Royal Commission of Agriculture—two members of which are at present members of Her Majesty's Government, viz. Mr. Long and Mr. Chaplin—but "suppressed." As the Report issued by this Commission, so far as regards this special subject, carried great weight in Parliament as well as with the Press, it is my right to make public, in the interests of the country, that it was only a one-man's Report—viz. that of Sir R. Giffen, the acknowledged "champion" of capitalists, bankers, and of the Stock Exchange. This fact is quite sufficient to prove the biased and illogical Report of that Commission, and fully justifies my remarks in "My Reply" to that Report, published in 1897.

*Extract from a London Press Letter, January 1900.*

#### OPTIONS AND FUTURES.

"Let me supplement the personal remarks made in the letter which appears in your issue. It is true I brought the question of 'Corn Gambling' before the German Emperor in 1893. In 1894, H.I.M. announced in his speech from the Throne the introduction of Government legislation on this question. In 1896, Prohibitive legislation was passed by the Reichstag by 200 votes against 39, and came into force January 1, 1897. Since 1892, I have continually brought the same question before all foreign and colonial



Governments and Parliaments as well as our own. Result, success (more or less) with one and all, except with the latter. This I can prove by 'official' documents in my possession, as well as from letters received from certain of the Sovereigns themselves, and also from members of the various Governments and other leaders. These I published in 1897 in book form, together with all legislative foreign measures, actual and proposed, up to that date. Since then I could enumerate more. But, with regard to H.M. Government, it is also true, as stated, that not only have the members thereof (on dozens of occasions, I may add) 'refused to listen to me and officially snubbed me,' but certain members have defended themselves on some thirty or more occasions and in both Houses, by untrue and ignorant answers to questions asked by various members. Also I can prove by 'official' documents I hold, that the two reports from H.M. representatives abroad 'On Foreign Legislative Measures respecting Gambling in fictitious Wheat Contracts,' &c., and issued by the Foreign Office in April 1895 and May 1898 respectively, and presented to both Houses by command of her Majesty, are false and unreliable.

"Lately I have again done my utmost on several occasions to bring the truth of my assertions home to H.M. Government, especially with regard to 'Corners in Foodstuffs.' For example, I will give extracts from my letters to the Chancellor of the Exchequer. After bringing certain facts before him, I wind up by pointing out two certain disasters which will happen to this country in the future, unless H.M. Government does prohibit the gambling in "foodstuffs." First, Great Britain will be starved into "surrender" within a few months in case of being at war with America or a Continental nation, quite independently of our Navy or Army; second, ruin to our national industry and all connected with agricultural land. I also point out that H.M. Government will not listen to experts on any subject, until it is too late and disaster stares the country in the face.

"Finally, as stated in my circular letter to the British Press only a fortnight ago, and which was published largely, I am prepared to substantiate on oath before an honest tribunal all facts as enumerated by myself, not only in my various evidences given before the Royal Commission of Agriculture in 1894, *re* Agriculture Depression, and before the National Wheat Stores Inquiry in 1897, *re* our food supplies in time of war, but also in my various publications, both home and foreign, published since 1892 on the same questions. What more can one man do in order to bring home the absolute truth to H.M. Government, of a gigantic system of commercial conspiracies, gradually but surely seizing on one great staple product after another, and spreading ruin and disaster, firstly, among the commercial classes, farmers and landowners; and, secondly, among the masses?

(Signed) "CHARLES W. SMITH."

*Salus populi suprema est lex!*

It was not until certain well-known systematised frauds, that had existed for years, became an outrageous scandal, that H.M. Government was forced to introduce legislative measures to protect the public from them. The same remark applies to the measure introduced by the Lord Chief Justice of England. They are as follows:—1. To prevent Company Promoters and Directors of Public Companies from defrauding the public. 2. To prevent Money Lenders from defrauding the public. 3. To prevent the defrauding of honest traders as well as of the public by dishonest traders, by means of secret commissions, &c.

This being the case, why should it not be the bounden duty of H.M. Ministers and also of the great Law Officers of the Crown, who preside over a nation professing so loudly Christian principles, to introduce similar restrictive legislative measures against a system which, *per se*, has gradually become the basis for one of the most far-reaching, selfish, and world-destructive forms of gambling which exist in this country? Considering, further, that it also constitutes a commercial conspiracy against the producer as well as against the *bona fide* trader, manufacturer, and legitimate speculator. Also, because one of the results arising out of the system is a direct offence against Divine Providence, comprising as it does a legalised crime (by name Price-Famines) on behalf of unscrupulous capitalists, against the masses and consumers, and especially so in connection with "Their Daily Bread."

On this sacred side of the question, I can re-echo the true sentiments in the words of the well-known political economist, Dr. G. Ruhlmann of Fribourg University, Suisse. He wrote, in 1896: "Christendom has sanctified bread. A pious custom considers it a sin to throw it away. Of all the material blessings of this earth, bread is for man the most indispensable. And this bread has been converted by fictitious dealings in futures into a 'gambling counter,' and this in order to establish on the Produce Exchanges 'a Monte Carlo without the music,' at which the great international capitalists preside and hold the bank. This is an abuse of bread directly antagonistic to the spirit of Christianity that must be forbidden in a Christian State."

I challenge any man to controvert on oath that the words above, and printed in italics, do not represent the actual and true state of affairs, as exist to-day, on every Produce, Cotton, and Metal Exchange where these systems are still in vogue.

As the United States and Great Britain are the two principal countries in which Price-Famines due to "Corners" are "hatched and plotted," it is well to recall the words uttered by Mr. President Cleveland in his inaugural address at Washington on March 4, 1893, concerning such conspiracies. He said: "The existence of an immense aggregation of kindred enterprise and combinations of business interests, formed for the purpose of limiting production and fixing prices, is inconsistent with the fair field which ought to be open to every independent activity. Legitimate strife in business should not be superseded by an enforced concession to the demands of combinations that have the power to destroy, nor should the people to be served lose the benefit of the cheapness which usually results from wholesale competition. These aggregations and combinations frequently constitute conspiracies against the interests of the people, and in all their phases they are unnatural and opposed to our American sense of fairness."

I am fully conscious that my voice in this world's *now* acknowledged just cause is only a humble one, but it is an earnest one. I, however, shall continue to base my belief in the future, as I have already done during the past fifteen years of my work, on the truth of the words below, penned years ago, but which nevertheless hold good to-day, even in face of the demoralising facts that Corners, Trusts, Combinations and "Bear-manipulations" are still legalised by certain Governments as legitimate operations, and that these are looked upon by a few of the leading capitalistic houses in the commercial and financial world (shame, may be, to say) as honourable and fair transactions, viz.:—

*"No voice, however feeble, lifted up for truth, dies."*

MARCH 1900.

## THE BUDGET.

## TAX ON PRODUCE CONTRACTS.

The foregoing "Statement" was written and printed before the Chancellor of the Exchequer, on behalf of the Government, introduced his financial statement in the House of Commons on the 5th inst., *re* The Budget, with regard to the expenses of the present Boer war. Amongst his various proposals was one to impose a stamp duty of 1s. on contract notes of produce which are delivered by brokers to their clients, just as, in a similar way, they are imposed on transactions on the Stock Exchange. The Chancellor said he was told that these transactions were so numerous that the result was likely to be an increase to the revenue by 150,000*l.* a year.

Without making further comments, I will simply give below copies of certain correspondence which have passed between the Chancellor and myself, prior to and subsequent to the said proposal by the Chancellor. They will speak for themselves. But, as this "Statement" deals with "Corners" as well as with "Bear manipulations," there are two further factors in connection with them which I will lay before the Government. One is that which was so prominently brought forward by the Lord Chief Justice of England on April 18, 1890, before the London Chamber of Commerce, when "Corners and Rings" were before that body for discussion. It is that, from the year 1216 up to 1844, the "forestalling," etc., of farmers' crops were prohibited in Great Britain, both by Statute and by Common Law, and were only repealed in the latter year. Almost all Continental nations had similar laws with regard to the hoarding up and the forestalling of foodstuffs. The second is, that after the colossal financial panic of 1866, caused largely by "Bear" sales and other manipulations on the Stock Exchange, an Act to amend the Law in respect of the sale and purchase of "fictitious" shares in Joint Stock Banking Companies—called Leeman's Act, Vict. cap. XXIX.—was passed in 1867, and is in force to-day. This Act prohibits Bear sales, and consists of three clauses. Therefore the questions of "Corners" and "Bear sales" have both formed the basis for Imperial Legislation in years gone by, and been recognised by previous British Governments and Parliaments as curses upon the majority of Her Majesty's subjects.

Why, therefore, should not the present British and Indian Governments prohibit by legislative measures in 1900 the somewhat similar, but far more *perpet* systems, (Options and Futures) by which the forestalling of the products of the earth are made so easy, not only by means of "Bull" operations with the object of cornering and artificially raising prices against the masses, but also, *under these new systems*, of artificially depressing values, to the detriment of the producer, *bona-fide* trader, and legitimate speculator, by the power of "Bear" sales of "fictitious" products and by other illegitimate manipulations, the combination of which constitutes a series of conspiracies, and consequently are the greatest crimes of the present century?

I will simply add that the foregoing "Statement," and the brief facts I bring forward in my letters to the Chancellor, must be my reply to the pecuniary and self-interested remarks made by the various London and Liverpool Commercial and Trade Associations who, on the 14th inst., interviewed

the Chancellor, and were put forth by them as their arguments against the Tax being imposed on various forms of contracts. It is, however, satisfactory to notice that some of the arguments agree with those in my letter to the Chancellor of the 10th inst. But the principal points at issue were entirely shelved. These were the enormous "difference" between contracts representing actual products, and those representing merely "fictitious" products, as well as the ruin the latter cause to all *bona fides*.

These can only be brought to light by a special Parliamentary Inquiry, with evidence taken on oath. Where such inquiries have taken place, either in America or in certain Continental countries, both have been proved up to the hilt. I maintain the questions at issue are far more reaching and serious all the world over in their evil and ruinous effects than the mere questions of whether a small tax be imposed or not on option contracts, or whether such a tax would cause an inconvenience to certain so-called English and Foreign traders, whether they style themselves principals, brokers, agents, or merchants, or whether they reside in this or in other countries abroad.

"To Sir M. Hicks-Beach, Bart., M.P., the Chancellor of the Exchequer,  
London.

"Cheltenham: January 10, 1900.

"Sir,—As your speech in 1896 at the Lord Mayor's dinner, before the bankers and merchants of the City of London, made it apparent that you were a warm supporter and sympathiser with the ruinous gambling operations on the Stock Exchange, solely because the said gambling brought the National Exchequer an increased Revenue derived from stamp duties, I can, under these circumstances, bring before you a plan by which a still greater Revenue can be raised to meet part of the stupendous financial expenses of this war—to the detriment of a few, I admit, but to the lasting advantage of the majority and to the nation at large. It is, to extend the stamp tax to all contracts on the Stock Exchanges, as well as to levy similar taxes on all option and future gambling contracts which represent merely 'fictitious' commodities, entered into on our various Produce, Cotton, and Metal Exchanges. If both these were raised to such an extent as to practically kill all such "gambling" operations, it would prevent three certain disasters happening to this country in the future:

"1st. Financial ruin to thousands of *bona fide* Investors on the Stock Exchanges. 2nd. Great Britain being starved of foodstuffs, as well as 'surrender' within a few months, in case of being at war with a continental nation or with America. 3rd. Total ruin to our national industry and all connected with agricultural land, as well as to many of our trade industries.

"I trust, Sir, these proposals will have your most earnest consideration before it is too late.

(Signed) "CHARLES W. SMITH."

"To Charles W. Smith, Esq.

"London: January 11, 1900.

"Sir,—I am desired by the Chancellor of the Exchequer to acknowledge the receipt of your letter of the 10th inst.

(Signed) "L. A. GUILLEMARD."

"To the Right Hon. Sir M. Hicks-Beach, Bart., M.P.

"Cheltenham: March 10, 1900.

Sir,—While confirming my letter of January 10 last, on the above subject, I wish to bring before you a few salient points in connection with the same, considering that, since that date, you have made a proposal in your Budget to adopt the idea; but, I may add, in only a half-hearted manner, and which, as is now proposed by yourself, will not have the desired effect, as I brought before you from a National point of view—that is, the "taxing out of existence" of all gambling option contracts, which represent merely "fictitious" produce, cotton and metals.

"It is these contracts which are the direct cause of ruin to agriculturists, producers, *bona fide* traders, and legitimate speculators, as well as to the masses and consumers in years of "Corners," such as did exist during the Lieter Wheat Corner of 1897, and as at present exist in many commodities, say in cotton, copper, tin, and pig-iron.

"As far as I can gather from newspaper reports of your reply in the House on the 8th inst. to Mr. McArthur, M.P., your intentions are, that a 1s. stamp tax be imposed on all contracts, whether for the sale or purchase of actual spot goods in produce, cotton, and all sorts of metals, as well as for the sale or purchase of Futures or Options in those commodities; the only exception being sales or purchases between principals, without the intervention of a Broker. Further, that no contracts under the value of 100*l.* be so taxed.

"If this is the case, I consider the same most unjust to those *bona fide* Brokers who are dealing in actual products for principals, in comparison to those who are dealing in paper-contracts called Futures or Options, which represent non-existing products.

"With regard to the former class, I am sure, from patriotic motives, there will be few Brokers who will raise an objection to the tax, for spot transactions and other legitimate business; but, nevertheless, it will come very hard upon many, owing to the small amount such contracts generally represent, and also owing to low prices of produce, when Brokerages derived from such are so small.

"But with regard to the ruinous 'Bear' and 'Bull' operations in Options and Futures, which exist *ad lib.* on our Registered Produce, Cotton, and Metal Exchanges, the position of those who deal in them is entirely different. For the total dealings in these contracts must exceed from ten to thirty times per annum even the whole of the year's world-products of the various commodities so dealt in, while 95 per cent. of them are simply gambling operations in 'fictitious' or non-existing products. Hence, the face values of all these contracts in the aggregate must exceed, by hundreds of millions of pounds, the actual value of the contracts in the similar various commodities bought and sold on the spot or on other contracts which represent the 'actual' products.

"Therefore, even to impose the same tax on these illegitimate operations as on legitimate trade 'spot' and other *bona fide* transactions, is absurd on the face of it.

"But when you propose that no tax is to be imposed on sale or purchase "Option" contracts between principals without the intervention of a Broker, you simply permit the most enormous and ruinous forms of gambling operations to be entered into, with no tax imposed upon them. Such applies also to similar operations on the Stock Exchanges, *i.e.*, between Brokers and

Brokers, and Brokers and Jobbers, where, with no contracts passing, the tax is evaded. And it is these very forms of gambling operations in both Exchanges which are so destructive to all classes, and bring about panics and other curses to the *bona fides*. Only, the result is a thousand times worse on Produce and Metal Exchanges than it is on the Stock Exchanges. Why, therefore, should such operations be free from the said duty?

"In my opinion, 90 per cent. of the whole of the 'Option and Future transactions on our various Registered Produce Exchanges are entered into directly on behalf of the Merchants, Agents, Brokers, and Jobbers themselves (with contracts passing in each case), and with no principals behind them. Therefore, if your sole object is simply to raise a new form of Revenue out of these transactions, it is most essential that the Stamp Tax includes all such contracts, as I believe it could be proved only 10 per cent. are entered into directly for 'principals.'

"This arises, as far as our Registered Produce Exchanges are concerned, firstly, from the nature and variety of the transactions themselves. Secondly, because the *bona fide* Broker (under the rules of the Exchanges) has become virtually extinct, almost all merchants and agents who are members having ceased to employ Brokers, either on spot or future transactions, since such Exchanges were established. This is due to the fact that all members have been placed on the same footing and level. Thirdly, because, by the 'wording' of the contract, which was drawn up specially with the object of making each party to it his own principal, every person who deals in Option and Future contracts must of necessity by Law be his own principal! This includes buyer or seller, or whether the person be a Member (which covers the term Broker, Merchant or Agent) of the Exchange or not, or a client who is not a member residing in this country, America, the Continent of Europe, Egypt, India, or elsewhere abroad. It must also be remembered that Americans and Foreigners now form a 'dominating' influence in our various Exchanges, and especially so in times of 'Corners.'

"You must further remember that Option and Future contracts, by the regulations and rules of certain of the Produce Exchanges, and framed by themselves, are only allowed to be dealt in in *minimum quantities of produce*. Hence, the face values of by far the larger majority of these contracts in themselves represent a large amount, and in the aggregate to a prodigious sum total per annum. I should estimate (although at present it is an unknown quantity) that the probable Revenue derived from all such contracts as you propose, and on all our Produce and Metal Exchanges (if it included the transactions between members and non-members, who, as explained, are all principals) would amount to fully 1,000,000*l.* and over per annum, especially if the tax was applied *pro ratio* to a given amount, say, to every 500*l.* of produce bought and sold instead of to a contract only, and this in addition to the estimate named by yourself of 150,000*l.* a year.

"My answer to such Members of Parliament, like Sir Albert Rollit, who stated during the debate in the House 'that the proposed extension of the Stamp Duty would only be a new impediment to trade transactions,' must be, to refer him and others who hold the same unwarrantable opinion to the debate that was held by the Associated Chambers of Commerce in March 1891 (when he was the Vice-Chairman), on the Bill introduced into Parliament by Mr. Ainslie, M.P., on gambling in pig-iron warrants. There will be found an unanimous opinion by that influential body, that such gambling operations are the death-blow to all *bona fide* trade and legitimate speculation in that industry. That opinion holds good to-day to all Metal industries

under similar gambling 'warrants' systems and especially so to the Produce and to the Cotton industries under the 'Option and Future' Systems. I may also remark that the gambling operations under both systems have increased twenty-fold since 1891.

"But, Sir, independent of the mere question of Revenue derived from such illegitimate Option transactions, I maintain the very fact of the Government 'officially' recognising these Option systems for the first time, and for such a sordid reason, is a scandal to the country. It is, in the first place, an official acknowledgment on behalf of the Government, whether by proposed taxation or whether by the non-taxing of gambling contracts, that they recognise 'gambling' as lawful, and these operations to be legitimate and honourable transactions. It is, secondly, nothing more nor less than the legalising, on behalf of the Government, of what is a commercial and financial fraud of the greatest magnitude, and is recognised as such by all leading foreign Governments.

"Even the Royal Commission of Agriculture, in their illogical report in 1897 on this question (two members of which are now members of H.M. Government—Mr. Chaplin and Mr. Long), could not refrain from expressing the opinion as follows in paragraph 554: 'We must not be supposed to approve of the system of gambling in produce in itself, or to deny that, like other forms of gambling, when carried to excess it produces great mischief. But, how far gambling in its various forms is a cause of social mischief and a proper subject for repressive legislation were not subjects before us.'

"I am prepared to prove, on oath, that these gambling Option systems (the principal curse of which is the 'Bear' operation) are at present carried to such an excess in all our Produce and Metal Exchanges that they are gradually undermining and ruining most of our important trades, including our national industry, and causing social mischief, besides entailing, in times of 'Corners,' sufferings on our masses, both at home and in our colonies.

"Consequently, I maintain, Sir, it is the duty of the Government to introduce either repressive legislative measures, or to tax all 'Future' operations 'out of existence,' where such contracts are not the representative of actual produce, cotton and metals.

"The proposal to levy a small tax only on ten per cent. of Option and Future contracts, and let ninety per cent. of them be free from any tax, simply to raise a small Revenue from the former in times of national financial emergency, as at present, is simply immoral. The former would be a straightforward patriotic way of dealing with these gambling contracts. The latter is the condoning of, and participating in, unlawful profits by the Government, out of what is nothing less than a commercial and financial fraud upon the majority of Her Majesty's subjects.

"Let the Government appoint a Special Parliamentary Inquiry into the whole question, with evidence taken on oath. Then Her Majesty's Ministers will arrive at the truth. This will be to confirm all the facts I have brought before them during the past eight years, solely from patriotic motives, and also in order to defend the interests of the producers and masses, as well as the interests of all *bonâ fide* traders, manufacturers, and legitimate speculators.

(Signed) "CHARLES W. SMITH.

"For 36 years a Cotton and Produce Broker in Liverpool—1862-1898."

"To the Right Hon. Sir M. Hicks-Beach, Bart., M.P.

"Cheltenham: March 11, 1900.

"Sir,—Yesterday I posted you a letter on the question of your proposed Tax on Produce and Metal Contracts. To-day, under this cover, I have the honour to enclose, for your confidential study, a proof of an important 'Statement' (entitled "Price Famines—the Result of Corners,") I have in my publisher's hands, and to which I crave your most earnest consideration. I forward the same for your private perusal, because I consider it my duty to lay before you all the latest developments I can which will throw fresh light upon the whole question of Option and Future gambling contracts, and, further, because I trust it will open your eyes to the enormity of the questions at issue. I can only trust that all facts will be taken into consideration by H.M. Ministers before arriving at a definite conclusion—i.e., the advisability of H.M. Government introducing repressive legislative measures, in the place of your proposal simply to impose a small tax upon part of such contracts for the mere object of raising a very small Revenue.

(Signed) "CHARLES W. SMITH."

To Charles W. Smith, Esq.

"London: March 12, 1900.

"Dear Sir,—The Chancellor of the Exchequer desires me to acknowledge the receipt of your letters of the 10th and 11th instant, and the Pamphlet on 'Price Famines' which you sent him.

(Signed) "W. A. MOWAT."

RAVENHURST, CHELTENHAM.

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**SPECIAL PREPARED EVIDENCE, AT THE REQUEST OF THE ROYAL  
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OTHER COMMODITIES.** December 1893 and February 1894. Printed by order  
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**THE OPTION, FUTURE AND SETTLEMENT SYSTEMS OF DEALING  
IN "FICTITIOUS" AGRICULTURAL PRODUCE.** 1895. Price 6d. (Delivered  
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Congress of the National Agricultural Union, London.)  
(The above published by WILLIAM POTTER, 30 Exchange Street East, Liverpool.)

**THE RUIN OF AGRICULTURE.** 1895.  
(Published by GUSTAV SCHUBH, in Berlin. Prefaced by Count ARMIN.)

**OUR DAILY BREAD.** 1896. Price 6d.  
(Published in the "MARK LANE EXPRESS ANNUAL.")

**THE SYSTEM OF INTERNATIONAL OPTION AND FUTURE SALES  
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(Published by the Monmouthshire Chamber of Agriculture.)

**The Translated Edition of "THE RUIN OF THE WORLD'S AGRICUL-  
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FUTURES OF AGRICULTURAL PRODUCE AND SILVER, WITH THEIR  
EFFECT ON PRICES."** 1896. By Dr. G. RÜHLAND, of Berlin. Prefaced by  
C. W. SMITH. Price 1s. 6d.  
(Published by SAMPSON LOW, MARSTON & CO. LTD.)

**INTERNATIONAL GAMBLING IN "FUTURES," REPRESENTING  
"FICTITIOUS" GRAIN AND SILVER: the Direct Cause of the General Deprecia-  
tion in the World's Corn Prices.** Prepared at the request of, and published by, The  
International Agricultural Congress at Budapest. 1896.

**CHARLES W. SMITH'S "REPLY" TO THE FINAL REPORT OF THE  
BRITISH ROYAL COMMISSION ON AGRICULTURE ON THE QUESTION  
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**COMMERCIAL AND FINANCIAL INTERNATIONAL GAMBLING.** Pub-  
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